

Welcome to today's presentation:

GSA's Leasing Process 101

July 15, 2021

The presentation will start at 1 pm Eastern

Note: Phones are automatically muted during the presentation. You can send questions to our presentation team via your Q&A pane and team will answer as many questions as possible during the presentation. All questions will be responded to in writing in a formal Q&A document, posted along with the slide deck and session recording, on our website, <http://www.gsa.gov/ces>

Our Presenters and Host

Presenters

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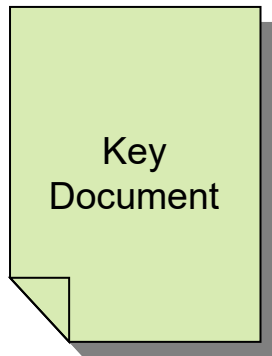
Host

James Fotopoulos

Regional Account Manager
Region 6 - Heartland Region

Key Symbols

Important Symbols to Note



This step involves a key document that requires either review, approval, or notification

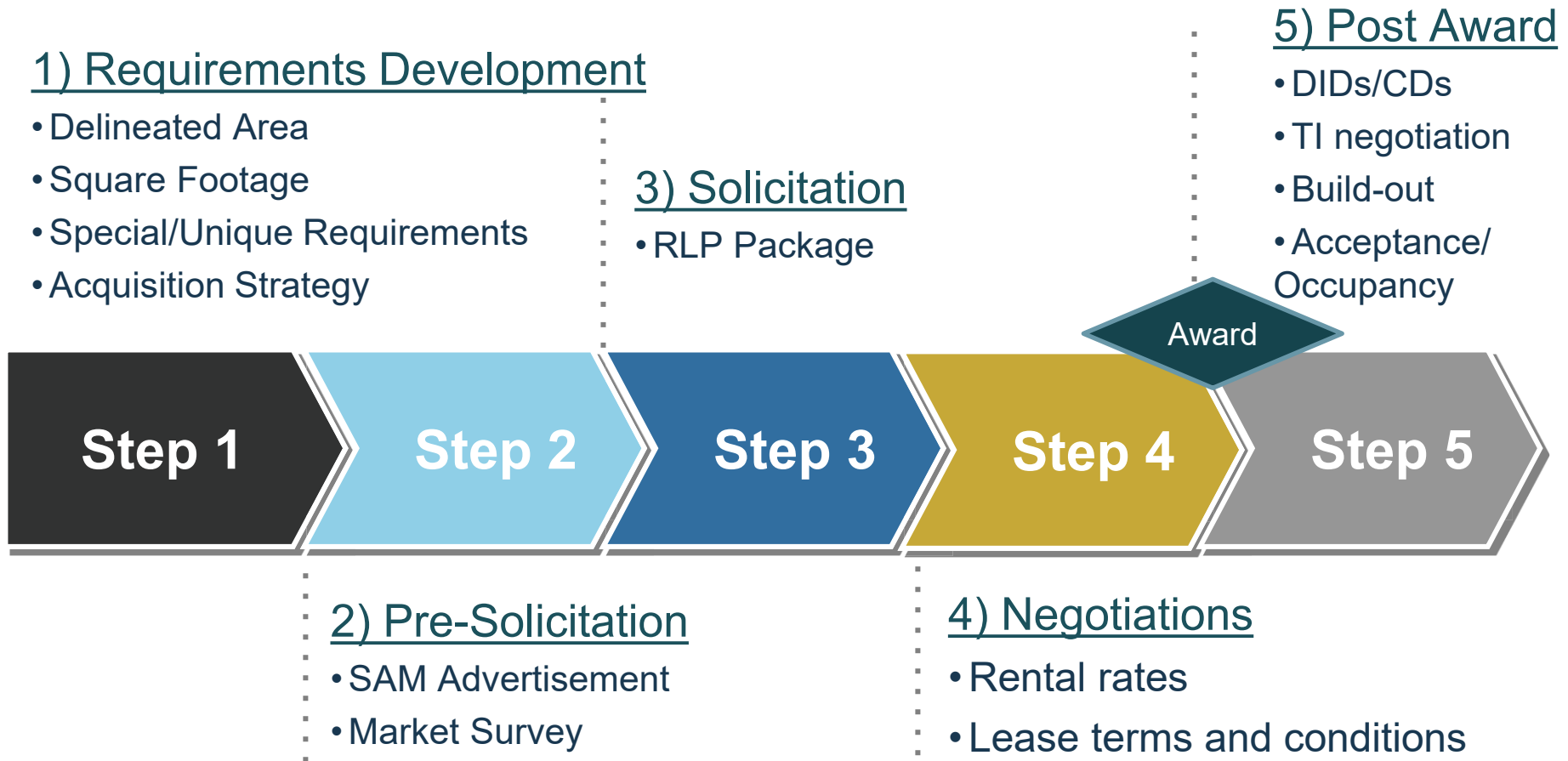


This step involves significant collaboration between GSA and the client

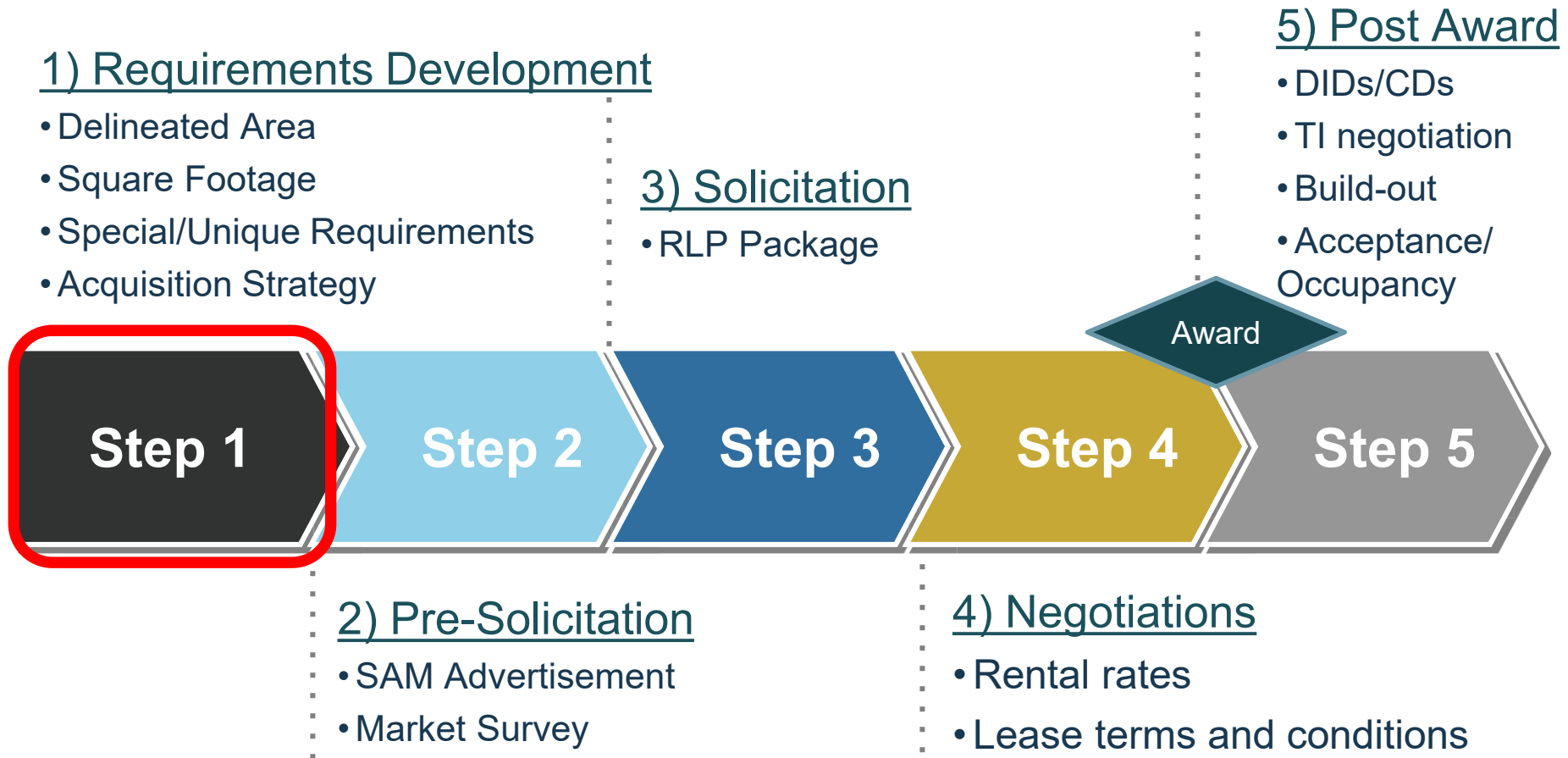


This step involves a hand-off that may change or introduce new key team members

The Leasing Process



The Leasing Process – Step 1



Requirements Development

- Begins with either an expiring lease or client request
 - Expiring lease - GSA sends the client a letter to notify them of their expiring lease and initiate discussions
 - The letter includes a draft Client Project Agreement (CPA) outlining their current space details
 - Sent 36 months before expiration for under prospectus, 60 months before for prospectus level
 - Client request - the client contacts GSA to begin discussing a new space request

The Client Project Agreement

- The CPA is completed by the Client Planning Manager (PLM) and client to describe the new space request
 - Square footage
 - Mission and operational needs
 - “Go/No-Go requirements”
 - Important client milestones



GSA
Public Building Service

EXECUTIVE BRANCH
CLIENT PROJECT AGREEMENT
VERSION: JANUARY 2017

Purpose: The Client Project Agreement (CPA) serves as the final agreement from the customer to secure strategic level requirements no later than 30 months prior to expiring occupancy (6 months prior to the CLP submission), allowing our customers and the taxpayers the opportunity to reduce space and rent for the government's overall budget. Planning earlier will also help mitigate the risk of costly lease extensions and provides adequate time for the government to strategically negotiate and secure mission-driven space actions for the mutual benefit of the customer and the taxpayer.

Part I: Basic Project Information

Project Name			
Project Description			
Agency Name		Agency Bureau Code	[1]
Agency POC Name		OA Number(s)	[2]
POC Email/Phone		Lease Number	
Building Name		Expiration Date	
Current Location Occupancy Start Date		Total # Years at Current Location	
		# of Extensions	

Part 1a: Space Planning Information

Current Occupancy Parameters	Proposed Occupancy Considerations for Refinement During PBS/Customer Engagement
Current Building Type	Proposed Building Type
Number of Current Occupants	Number of Proposed Occupants
Current "All-in" U/R	Proposed "All-in" U/R
Current Rentable Square Feet (RSF)	Requested Rentable Square Feet (RSF)
Current Useable Square Feet (USF)	Requested Useable Square Feet (USF)
Current Parking Spaces	Requested Parking Spaces
Termination Rights	
Occupancy Location and Proximity to Public Transportation [include SLI]	Proposed Occupancy Location and Proximity to Public Transportation

Unique Space / Program Considerations (i.e., renewals built into the lease, etc)

Unique Operational Considerations

Agency UR Methodology -OR- Reduction of Space Standards

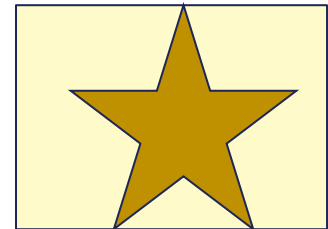
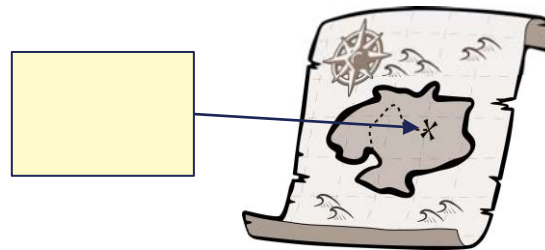
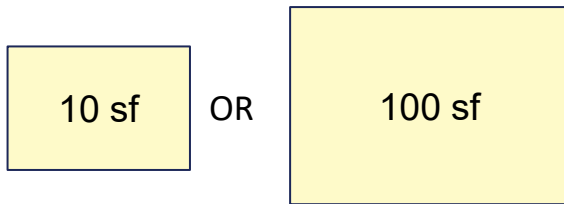
Initial Space Recommendation
Explain the PBS/Customer strategy on the proposed/new space occupancy parameters. If parameters are not changing or are brand new, please notate that as well.

Supplemental Information & Documents (attach as applicable)

Most Current Billing OA(s)		Cost/Options Analysis Report	
RDA Compliance Memo		FSH Risk Use Permit	

Strategic Requirements - “The Box”

The purpose of strategic requirements is for GSA to gain a high level understanding of your space need and to determine if we can house this request in owned space or require a lease



How big is the box?

- Headcount
- UR
- SF

Where does the box need to be?

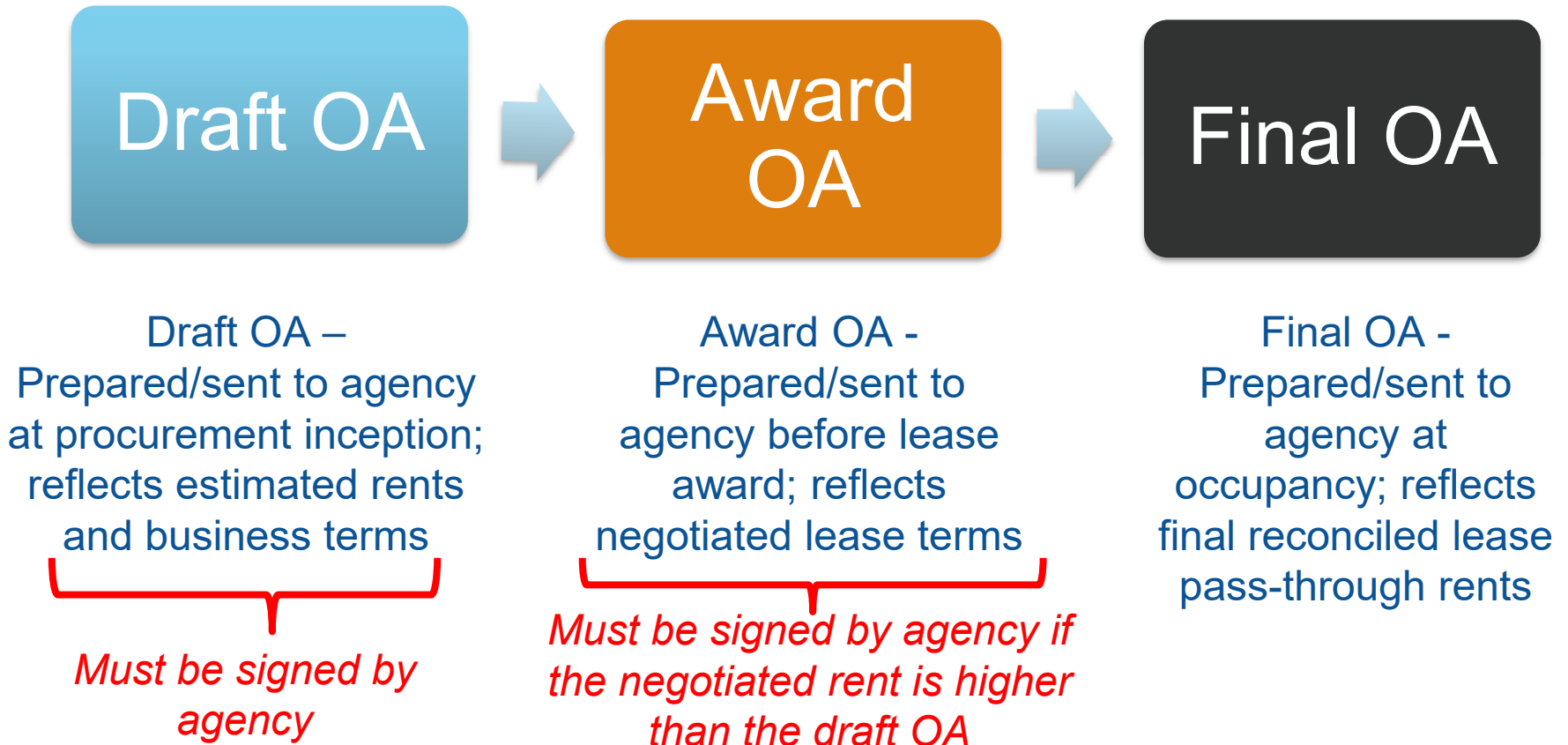
- DA
- Locational reqmnts

Is there anything special about this box?

- Column spacing
- Unusual build-out

The Occupancy Agreement

The Occupancy Agreement (OA) is an agreement between GSA and the client outlining the terms and financial cost of the lease



Requirements Development Flow

Determine Strategic Requirements

- Sq Ft
- Delineated Area
- Special Requirements



Determine Housing Strategy

- Planning Managers and Asset Managers within GSA review housing options
- Housing strategy proposed and agreed to with the client



Key Document

CPA
and **OA**
Signed

Assign to the Regional Team

- A regional team is assembled to deliver the housing solution
- **PM creates project schedule**



Tools of the Trade

GSA has a few tools that we may utilize to assist with completing a lease acquisition

Global Leasing Services (GLS)

A services contract used by GSA to augment our in-house resources by adding private sector commercial real estate brokers to the team

Notes:

- GSA remains in charge of the acquisition and oversees the broker's performance

Automated Advanced Acquisition Program (AAP)

An on-line, automated bidding process where offerors submit bids on standardized lease terms which can be matched with agency requirements

Notes:

- AAP has a slightly different process flow
- The bid comes first and the market survey after

Acquisition Strategy - Full and Open

- The Competition in Contracting Act (CICA) is the cornerstone of the GSA leasing program
- Establishes Full and Open Competition as the default acquisition strategy in the govt.
- Competition is widely recognized as leading to lower costs

Acquisition Strategy - Sole Source

There are exceptions to using full and open competition used in the leasing program when it is not in the government's best interest to compete a lease contract

Mission Based

The agency's mission for this location is so specialized that space capable of meeting the agency's requirements can only be acquired from one source (Lessor)

Common Examples:

- TSA locating at an airport
- CBP locating at a port or border station

Cost Based

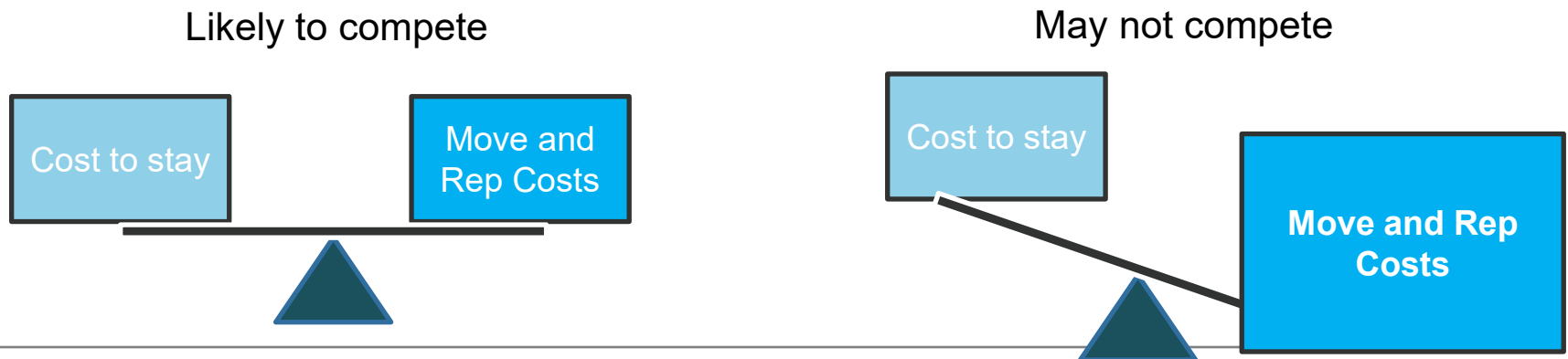
The cost to remain in place offer significant cost advantages which could not reasonably be expected to be recovered through full and open competition

Common Examples:

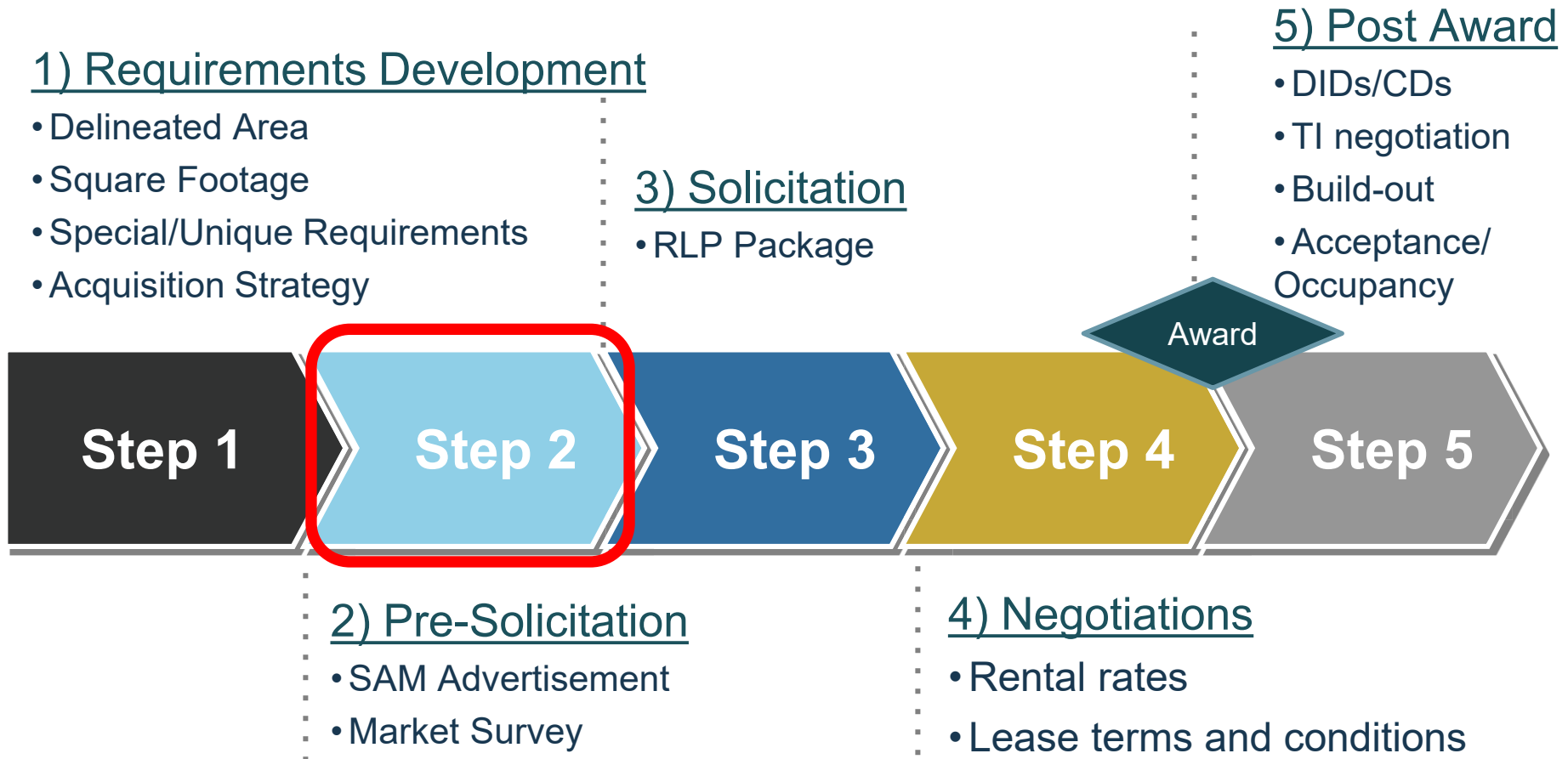
- An agency whose space continues to meet their ongoing needs and only requires a cosmetic refresh

Competitive or Sole Source?

- Competition is the default method
- GSA can compete a lease when there is an incumbent Lessor and still consider the cost advantages of staying in place in the award decision
- Typically, a sole source is only used when there is an overwhelming advantage held by the incumbent Lessor



The Leasing Process – Step 2



Pre-Solicitation - Market Research

- Pre-solicitation is the process of engaging with the market to gather information for the upcoming acquisition
 - Locate available properties
 - Determine negotiation objectives
- The GSA team will use a number of tools to get this information
 - Advertisement on SAM.gov
 - Online databases such as COSTAR
 - Telephone outreach

Pre-Solicitation - Market Survey

The market survey is a physical tour of properties located through the market research process



GSA Role

- Pre-screen properties using the agreed upon requirements
- Lead the market survey, coordinate logistics
- Fill out the market survey forms

Key Document

Market Survey Forms

Client Role

- Have all required **decision makers** available
- Review properties against the agreed upon requirements
- Work with the GSA team to decide what properties to solicit and sign the market survey forms

Pre-Solicitation - Important Note

Traditional/ Global Model

The market survey occurs **before** the solicitation is issued and before bids are received. The govt. team physically tours all eligible properties

AAAP and SLAT Models

The market survey occurs **after** the bids are finalized and focuses on only the lowest responsive offer. This is known as a “Building Tour”

The Leasing Process – Step 3



Solicitation - Request for Lease Proposal

The GSA team will prepare a Request for Lease Proposal (RLP) package

RLP – The Solicitation

The image shows a thumbnail of a GSA Request for Lease Proposal form. The form is titled "[GSA REQUEST FOR LEASE PROPOSALS] NO. XXXXXXXX CITY/STATE". It includes a section for "Offers due by mm/dd/20yy". The form is a standard GSA form, likely GSA Form 101-110, used for soliciting lease proposals.

- Describes the space required by the government
- Describes the method of selecting the winning Offeror

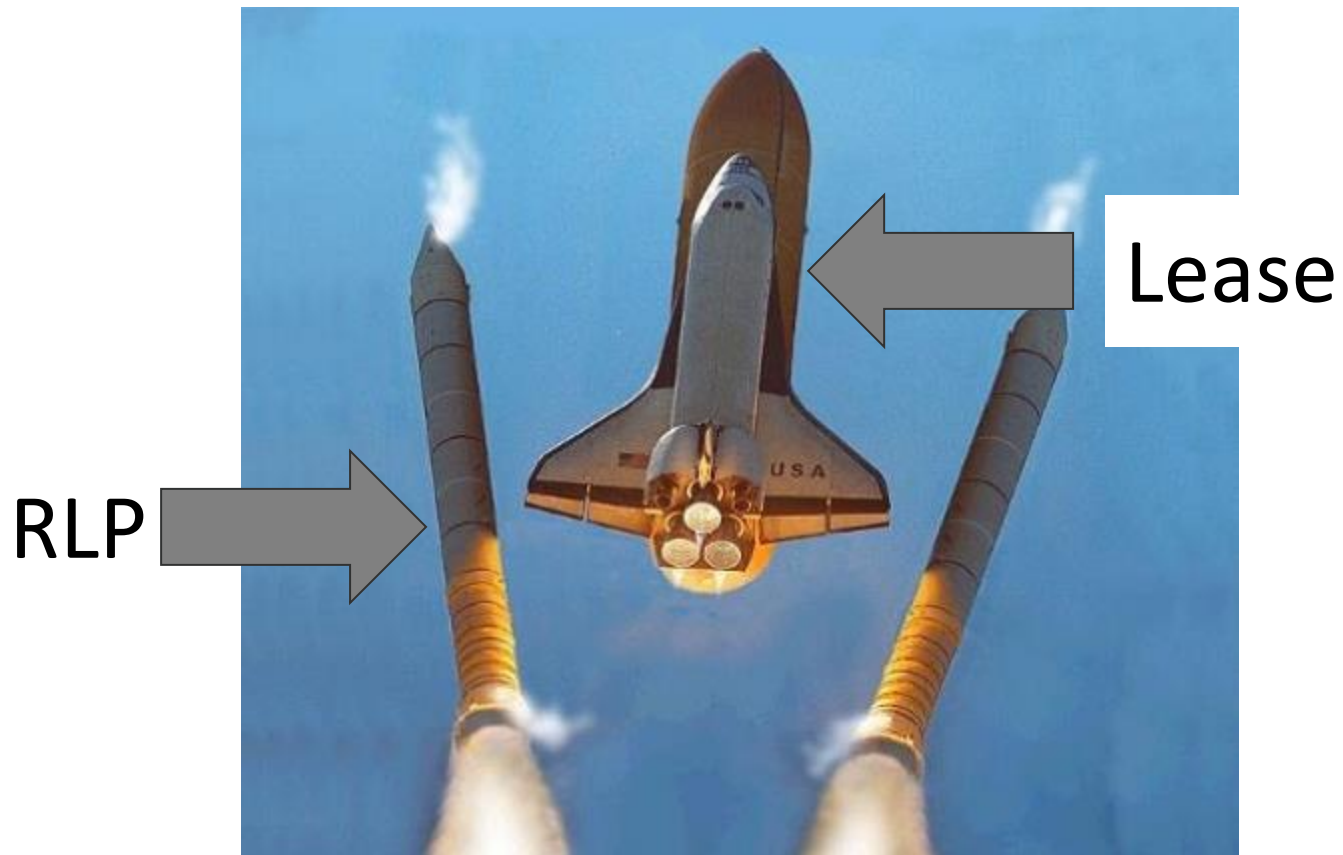
Key Document
RLP and Lease

Lease – The Contract

The image shows a thumbnail of a GSA Lease contract form. The form is titled "LEASE NO. GS-XXPL-XXXXXXX" and "Global Lease GSA FORM 101-110(2010)". It includes sections for "LESSOR'S NAME", "PROPERTY ADDRESS", "LEASE TERM", and "FOR THE LESSOR:" and "FOR THE GOVERNMENT:". The form is a standard GSA form, likely GSA Form 101-110, used for soliciting lease proposals.

- The contract that the Offerors are bidding on
- Sets forth the duties of the Lessor during the term of the lease

RLP vs. Lease



RLP Package - Client Review

- It is important that the client review the RLP before it is issued
 - Validate SF range is correct
 - Agree on timing and process for post award design development
 - Ensure critical special requirements are included



Original

ACTION REQUIRED: TYPE IN TENANT AGENCY HOURS OF OPERATION CONSISTENT WITH THE CURRENT PRICING DESK GUIDE DEFINITION OF NORMAL HOURS IN THE PARAGRAPH BELOW. IF TENANT AGENCY REQUIRES AFTER HOURS CLEANING, MODIFY THIS PARAGRAPH ACCORDINGLY. IF THE SUCCESSFUL OFFEROR AGREES TO PROVIDE EXTENDED HOURS AND/OR DAYS AT NO ADDITIONAL COST OR CONSEQUENCE TO THE GOVERNMENT, SUCH HOURS SHOULD BE ACCEPTED AND INCLUDED IN THE LEASE.

6.01 PROVISION OF SERVICES, ACCESS, AND NORMAL HOURS (JUN 2012)

A. The Government's normal hours of operations are established as **XX** AM to **XX** PM, Monday through Friday, with the exception of Federal holidays. Services, maintenance, and utilities shall be provided during these hours. The Government shall have access to the Premises and its Appurtenant Areas at all times without additional payment, including the use, during other than normal hours, of necessary services and utilities such as elevators, restrooms, lights, and electric power. **Cleaning shall be performed during normal hours.**

Revised

ACTION REQUIRED: TYPE IN TENANT AGENCY HOURS OF OPERATION CONSISTENT WITH THE CURRENT PRICING DESK GUIDE DEFINITION OF NORMAL HOURS IN THE PARAGRAPH BELOW. IF TENANT AGENCY REQUIRES AFTER HOURS CLEANING, MODIFY THIS PARAGRAPH ACCORDINGLY. IF THE SUCCESSFUL OFFEROR AGREES TO PROVIDE EXTENDED HOURS AND/OR DAYS AT NO ADDITIONAL COST OR CONSEQUENCE TO THE GOVERNMENT, SUCH HOURS SHOULD BE ACCEPTED AND INCLUDED IN THE LEASE.

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Overview of RLP Posting

AAAP

Global/SLAT

The screenshot shows the GSA Lease Offer Platform (LOP) website. At the top left is the GSA logo. To the right are links for "LOP HELP" and a "REGISTRATION" button. The main heading is "GSA's Lease Offer Platform". Below this is a paragraph explaining the LOP: "The Lease Offer Platform (LOP) provides the opportunity for building owners and building owner representatives to electronically offer building space to the Federal Government. The offer submission process is completely web-enabled, allowing all registered participants to submit and update offers for lease space to the Federal Government within specified timeframes, in response to a Request for Lease Proposal (RLP) package. The Lease Offer Platform consists of the:"

Two boxes describe the acquisition methods:

- Automated Advanced Acquisition Platform (AAAP)**: "CLICK HERE to login, learn more, and enter an offer for AAAP if: You are responding to an ad that specifies the AAAP as the procurement method OR You want your offered space available for any current or future government requirements tasked to the AAAP"
- Requirement Specific Acquisition Platform (RSAP)**: "CLICK HERE to login, learn more, and enter an offer for RSAP if: You are submitting an offer in response to a unique Request for Lease Proposal (RLP), issued for a specific agency requirement (not AAAP) AND The RLP requires offers to be submitted through the RSAP application"

Below these boxes is a "Who Are We?" section with a paragraph about GSA's history and mission. At the bottom, it provides helpful resources: "Helpful resources are available by clicking the 'Help' link at the top of each page. For technical assistance, email LOP.help@gsa.gov or call 1-866-450-6588 and select option 7. For answers to program or policy questions, email LOP.manager@gsa.gov."

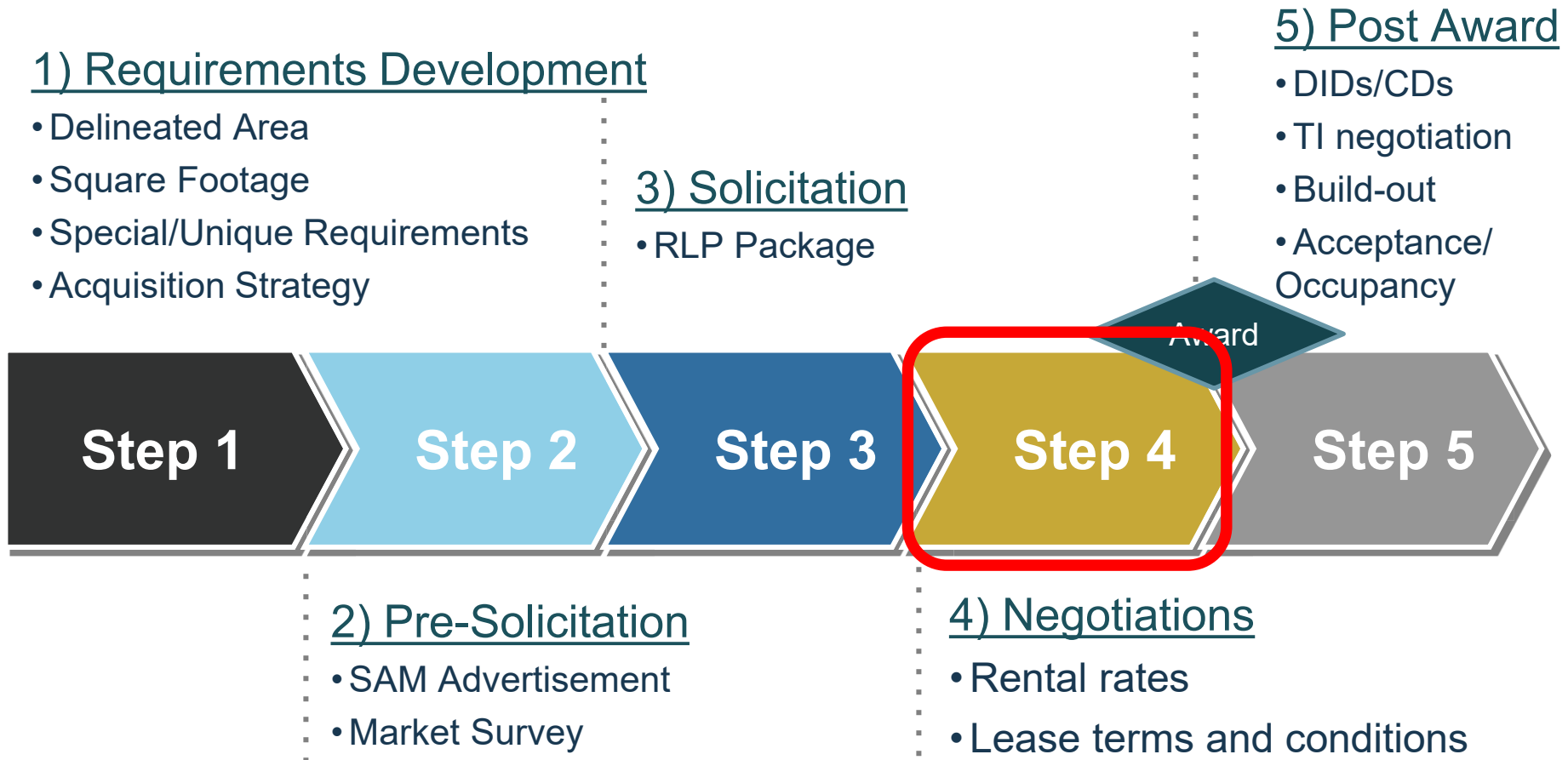
RLP is downloaded from
www.lop.gsa.gov

The screenshot shows the SAM.GOV website. At the top left is the SAM.GOV logo. To the right are links for "Home", "Search", "Data Bank", "Data Services", and "Help". The main heading is "GSA". Below this is a "Contract Opportunity" section with a "Follow" button. The title is "GSA SEEKS TO LEASE SPACE IN FORT MYERS, FL". Below the title is a "Contract Opportunity" box with a "Contract Opportunity" button. The box contains the following information:

- ACTIVE
- Notice ID: 8FL2416
- Description:
- Attachments/Links:
- Contact Information:
- History:
- Department/Ind. Agency: GENERAL SERVICES ADMINISTRATION
- Sub-tier: PUBLIC BUILDINGS SERVICE
- Office: PBS R4

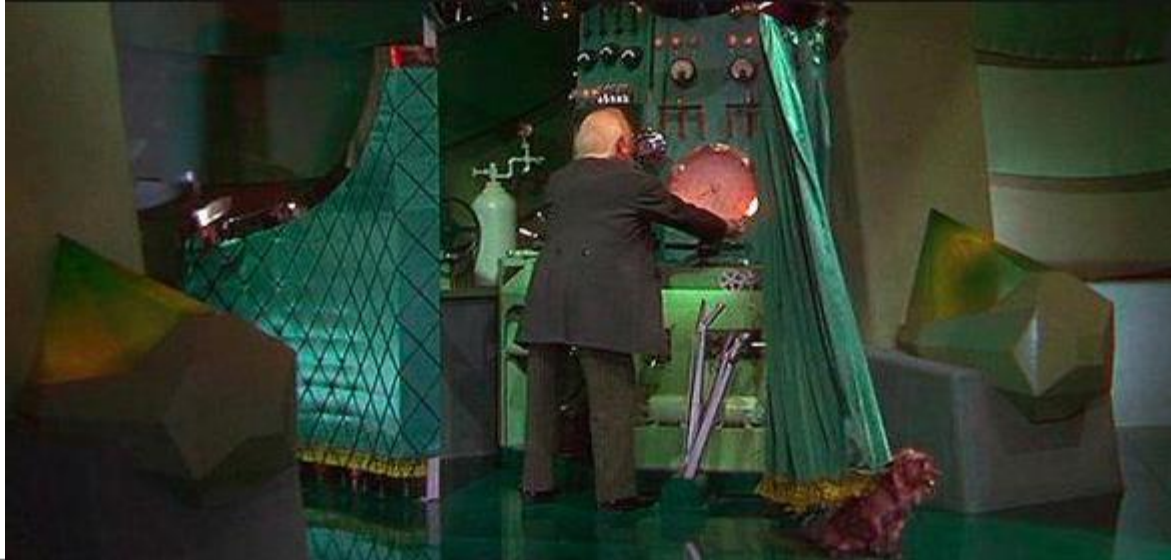
RLP is downloaded from
www.SAM.gov

The Leasing Process – Step 4



The Curtain Closes

- Once the RLP hits the street, the curtain closes
 - this aids in procurement integrity
 - Offerors get a minimum of 20 calendar days to consider the package for pricing* (GSAM 570.106)



Negotiations

- Negotiations typically center on price
 - The terms of the contract are generally set when the RLP is issued and cannot be modified for individual offerors
 - Offerors must bid on the same terms in order to make an “apples to apples” comparison
 - Most sources are selected using “LPTA”, so any change can make the offeror unacceptable

Lease Contract - Key Pricing Elements

The GSA lease has 3 main elements of rent

Building Shell

- The enveloping structure
- Base building systems
- “Warm Lit Shell” within the tenant’s space to include tile grid, some lighting, and basic HVAC

Operating Costs

- Pays the Lessor for the costs of operating the building
- Utilities, janitorial costs

Tenant Improvements

- Anything above or beyond the building shell
- Interior improvements within the tenant’s space
- Takes the space from “warm lit shell” to finished space

Negotiation Objectives

- The Negotiation Objectives are formal targets set by the leasing specialist
- Data points:

Local Brokers

During market survey:

- Rental rate
- TI
- Cost of services

Commercial Listing Services

- CoStar
- Loopnet
- REIS
- Cityfeet.com

GSA Sources

- Regional listing files
- Bullseye
- REXUS
- GSA contracted broker on task for project
- Other Leasing Specialists

Lease Offer Platform (LOP)

- GSA's leasing program has 2 online bidding platforms
 - AAAP - used with the AAAP acquisition model
 - RSAP - used with the other acquisition models
- Offers are submitted online eliminating paper bid forms

The screenshot shows the GSA's Lease Offer Platform (LOP) website. At the top left is the GSA logo. At the top right are links for "LOP HELP" and "REGISTRATION". The main heading is "GSA's Lease Offer Platform". Below this is a paragraph explaining the LOP: "The Lease Offer Platform (LOP) provides the opportunity for building owners and building owner representatives to electronically offer building space to the Federal Government. The offer submission process is completely web-enabled, allowing all registered participants to submit and update offers for lease space to the Federal Government within specified timeframes, in response to a Request for Lease Proposal (RLP) package. The Lease Offer Platform consists of the:"

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 - CLICK HERE to login, learn more, and enter an offer for RSAP if:
 - You are submitting an offer in response to a unique Request for Lease Proposals (RLP), issued for a specific agency requirement (not AAAP)

The boxes are connected by "OR" and "AND" labels.

Who Are We?

The GSA is an independent agency of the United States government, established in 1949 to help manage and support the basic functioning of federal agencies, to include leasing space for federal agencies, so that government employees have space to perform their work. Today's GSA lease portfolio consists of more than 8,000 leases, consisting of about 192 million RSF with a total contract value exceeding 5.6 billion dollars in annual rent.

Helpful resources are available by clicking the "Help" link at the top of each page. For technical assistance, email LOP.help@gsa.gov or call 1-866-450-6588 and select option 7. For answers to program or policy questions, email LOPmanager@gsa.gov.

AAAP and SLAT Models - Building Tour

- With the Global/Traditional process, the market survey has already occurred and the agency has accepted the appropriate buildings before the RLP was issued
- When GSA uses AAAP or the SLAT Models, there is a “building tour” of the apparent successful offer after negotiations and due diligence has concluded
- Agencies have an opportunity to review the building against their requirements

Due Diligence Checks

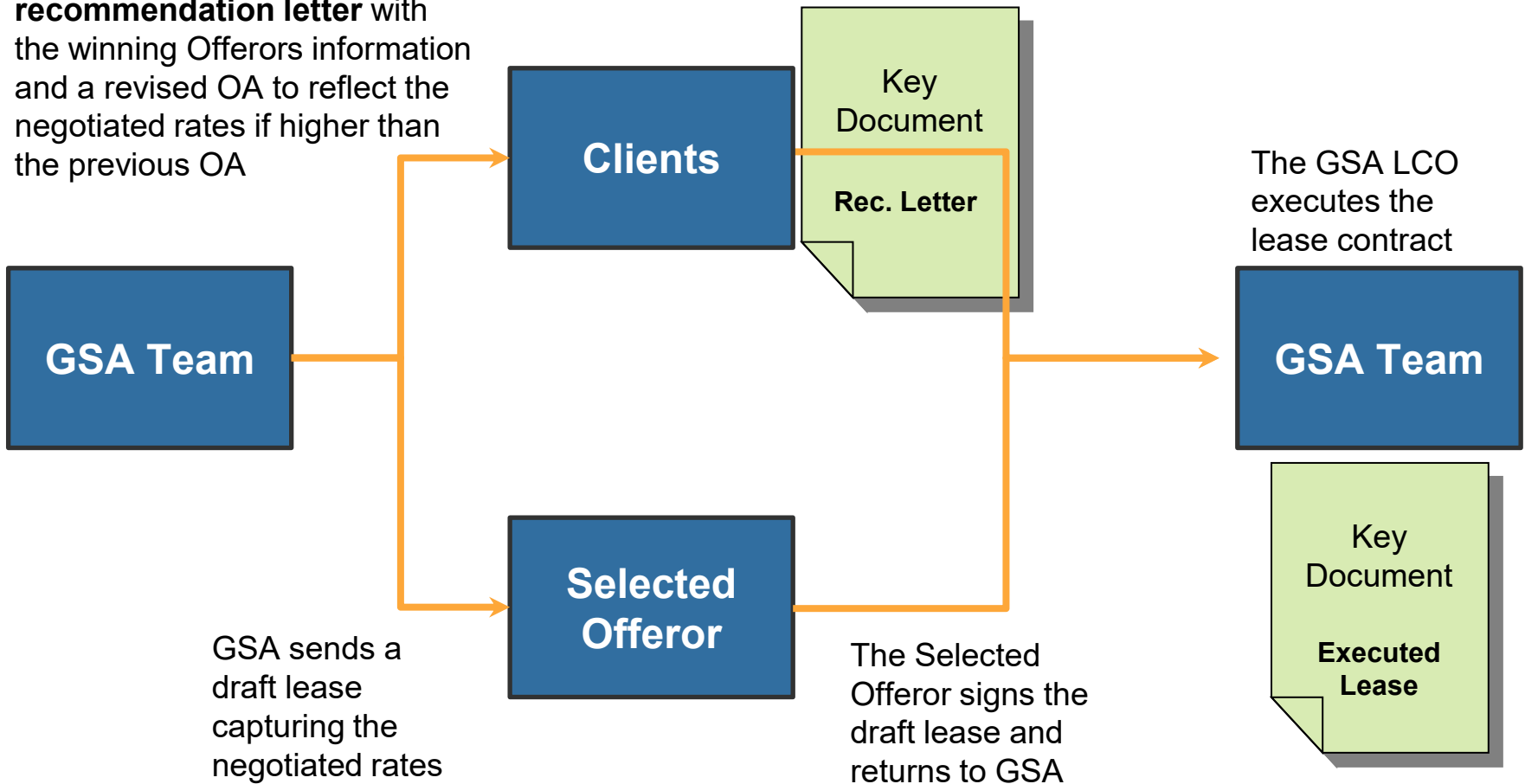
- Due Diligence items checked:
 - Fire/Life Safety
 - Verifying space size
 - Seismic (map determines level)
 - Energy Star
 - Offeror's Capability to Perform
 - Proper Ownership
 - Financial Responsibility
 - Completed SAM.gov
 - Meets all items set out in the RLP

Awarding the Contract

- The winner is normally determined using the **Lowest Price Technically Acceptable (LPTA)** method
 - The RLP and Lease set forth what is “technically acceptable”
 - Rates are evaluated using Present Value to compare different cash flows over time
- The Lease Contracting Officer makes a formal determination that the price is **Fair and Reasonable**

Award Process Flow

GSA sends the Client a **recommendation letter** with the winning Offerors information and a revised OA to reflect the negotiated rates if higher than the previous OA

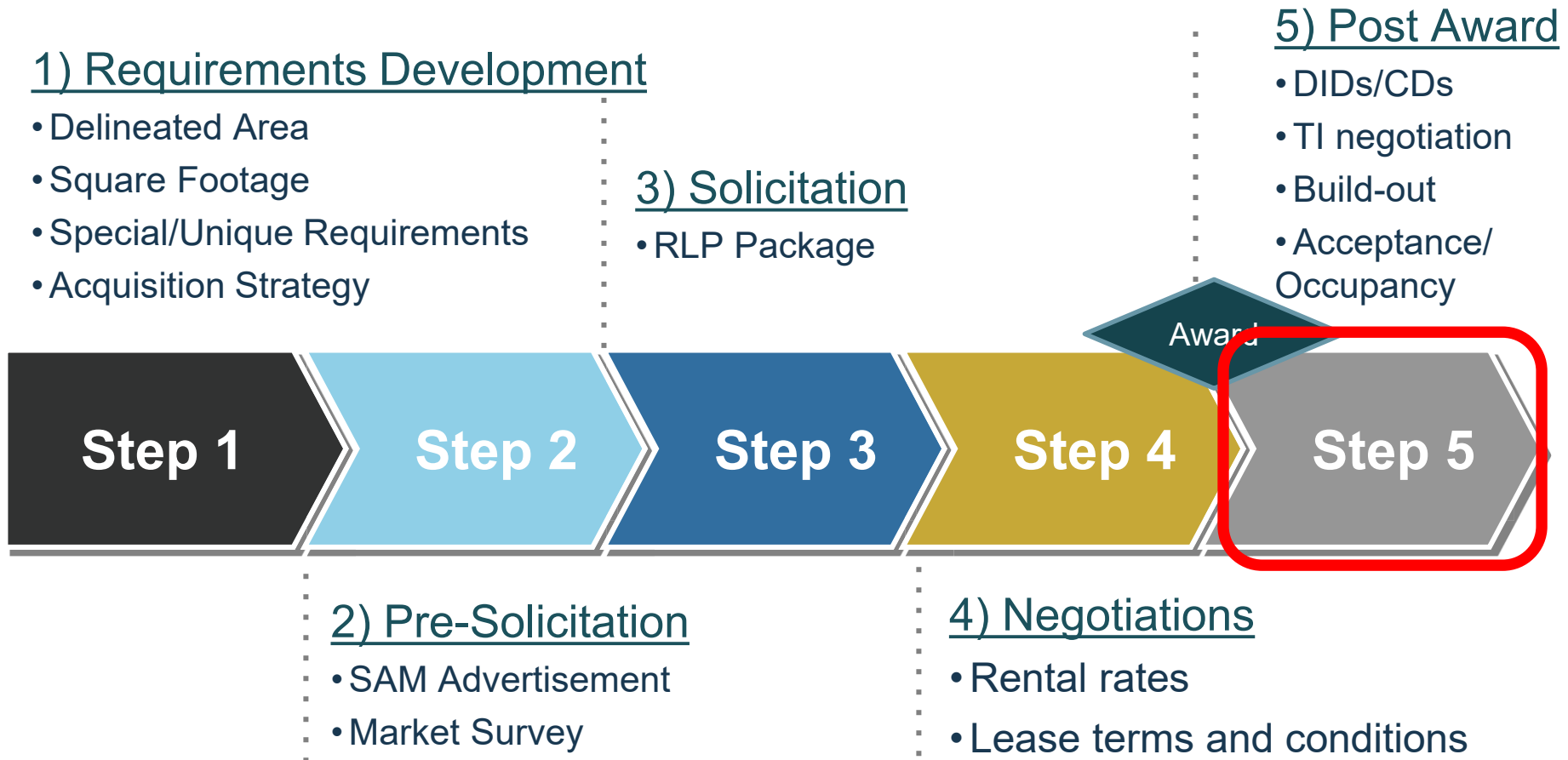


GSA sends a draft lease capturing the negotiated rates

The Selected Offeror signs the draft lease and returns to GSA

The GSA LCO executes the lease contract

The Leasing Process – Step 5



Lease Award

- The only thing that matters now is what's within the four corners of the contract.
 - Modifications from this point on must be bi-lateral agreements where both sides receive consideration for what they give and get.



Post Award Design and Construction

- Once the lease is awarded the Offeror formally becomes the Lessor and the government team begins the process of designing and constructing the space
- The GSA team may bring in a number of technical reps to help oversee the post award process
 - Project Manager
 - Construction Control Representative (IGE)
 - Architects/Engineers



Design

Design Intent Drawings

- DIDs show the layout of the space
- Capture critical design elements
- Govt **approves**

Construction Drawings

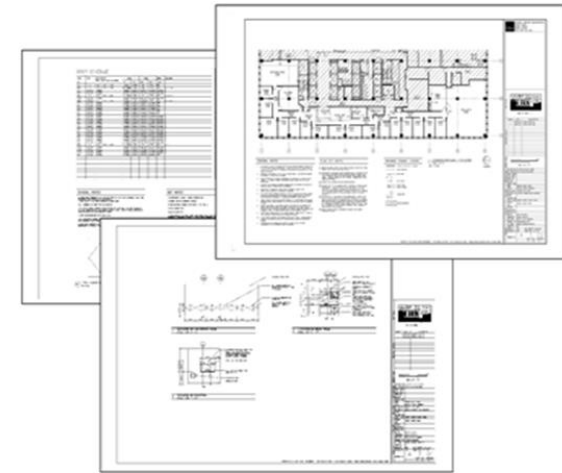
- CDs further define the DIDs
- Add technical elements for review by the government team
- Govt **reviews**

Tenant Improvements Negotiation

- The Lessor bids out the cost of the tenant improvements
- The GSA team negotiates the price of the TI

Key Document

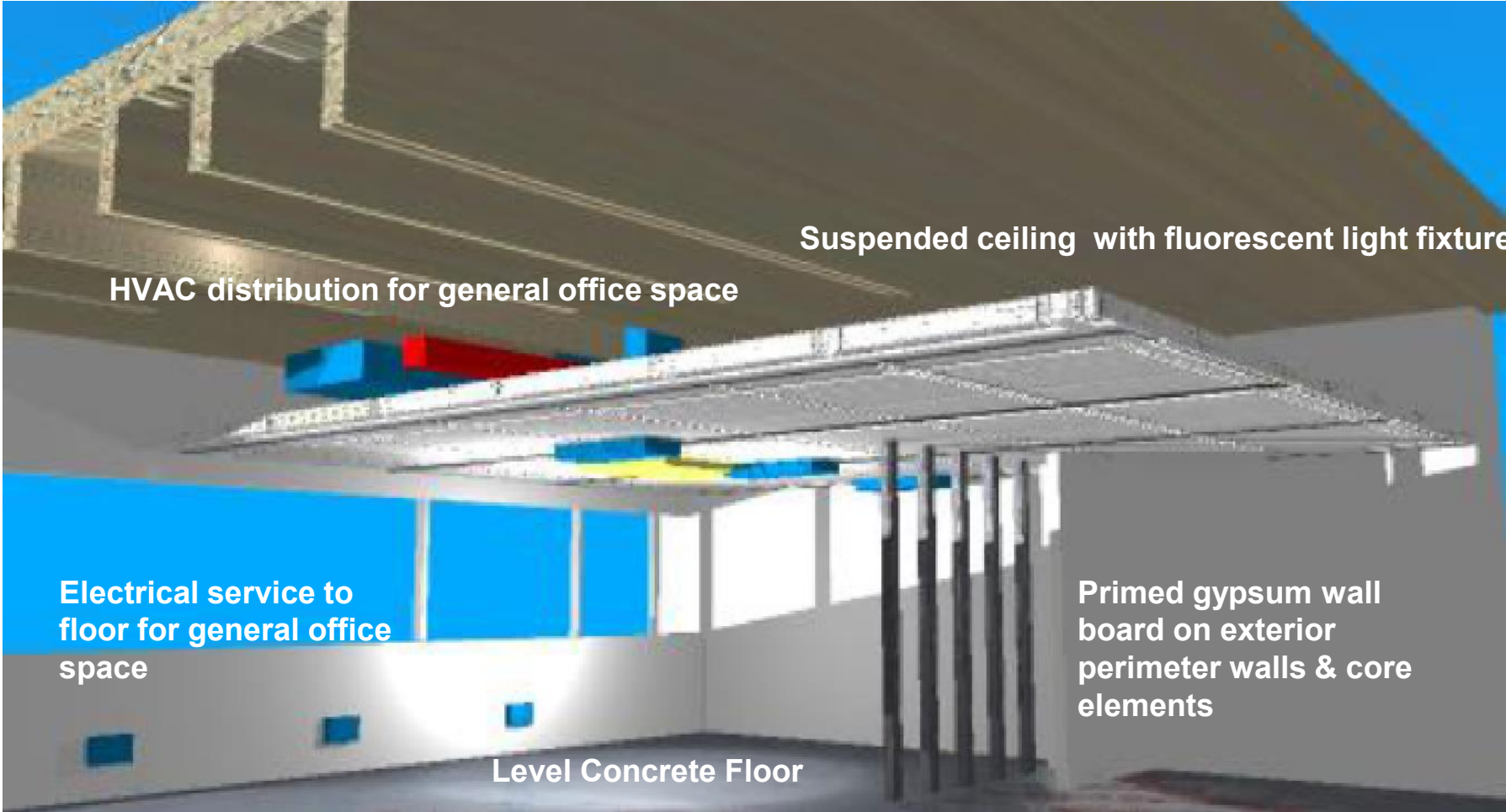
DIDs and CDs



Post Award Design and Construction – DIDs and CDs

- The government reviews the Design Intent Drawings (DIDs) to ensure that they capture the requirements of the government. The government reviews Construction Drawings (CDs) to determine if they are reasonably capable of meeting the performance requirements but **does NOT approve Construction Drawings** as this could negate the performance spec aspect of the lease
- GSA leases are “**performance spec**” leases. The government mandates a certain performance that the building must meet. The Lessor remains responsible for determining the exact means and methods to meet that performance and for maintaining the building’s performance **throughout the life of the lease.**

The Warm Lit Shell



Tenant Improvements and Building Security

- Tenant Improvements (TI) are the client specified build-out that takes the space from being a “**warm lit shell**” to finished space capable of meeting the agency’s needs
- The Lease contains a Tenant Improvement Allowance (TIA). The TIA is an amount of money that the Lessor provides towards the cost of the tenant improvements to be amortized over the firm term of the lease and paid back through the rent
- Security costs that are determined by your Facility Security Level or a threat assessment are paid for by a separate amount of money called “Building Specific Amortized Capital” (BSAC)

Tenant Improvements Allowance

- The GSA lease is awarded with a “Tenant Improvement Allowance” (TIA) which provides funding for the cost of the tenant improvements
- The amount of the TIA is determined based on a few factors
 - The “General Allowance” is standard for all agencies
 - The “Custom Allowance” is an amount based on your agency’s “tier” which is 10% per level. For example, if your agency customization allowance is tier 2, this is an extra 20% (2 x 10%)
 - This amount is adjusted by a “locality index” to adjust for higher or lower costs of construction in that area

Tenant Improvements Negotiation

- GSA uses a standardized format to receive TI bids based on the “Master Format” used by the Construction Specifications Institute (CSI)
 - The Lease calls for a “Level 5 Breakdown” as specified in the Project Estimating Requirements for the Public Buildings Service (P-120) including a line item breakdown for quantity, material, and labor cost

Line Item	Quantity	Material	Labor	Total Costs
Widget	5	\$10	\$20	\$150

- This allows GSA to properly validate if the costs submitted by the Lessor
 - Properly separate shell and TI costs
 - Are fair and reasonable
- GSA will review line items, but the main concern is the total cost

RWA & NTP

- If the total costs for TI fall within the allowance, the LCO can issue a Notice to Proceed (NTP) and construction begins
- If the total cost of the TI exceeds the allowance in the lease, GSA must collect the extra money in the form of a Reimbursable Work Authorization (RWA)
- Once the RWA is received and processed by GSA the LCO can issue Notice To Proceed (NTP) and the Lessor can begin work on the tenant improvements
- The Lease will specify a time period for them to complete the TI build-out following NTP

Construction and Acceptance

- Once construction is complete, the government team will inspect and accept the work
 - **Substantial Completion** – The Lessor has completed their scope of work to prepare the space for occupancy by the government. Any remaining work is minor, such as “punch list” items, and completion/correction of these items will not interfere with the government’s use of the space
 - Upon acceptance, the lease becomes effective and rent commences
- At this point the government has possession of the premises and the customer can begin to install furniture and other personal property
- The point of contact for GSA will transfer to the Lease Administration Manager (LAM)



Project Pulse Survey - Your Feedback Counts!

- The Project Pulse Survey is sent to client POCs for both Lease and Reimbursable Work Authorization (RWA) projects.
- The surveys occur at different points the project lifecycle, so you can assess our performance throughout your project.
- We value your feedback and use your comments to help improve all aspects of service delivery.
- For more information, see our [Fact Sheet](#) under “Executing Your Project” or contact your [National Customer Lead](#).

Background and Benefits

PBS aims to provide excellent customer services in all aspects of project delivery. The Project Pulse Survey is a quick and easy way for customers to provide feedback on our RWA and Leasing project delivery efforts. PBS uses this valuable information to evaluate our performance and identify best practices and areas for improvement at different stages of project delivery.

We administer the monthly survey on customer RWA and Leasing space projects, regardless of size. The short survey is conducted online and takes just a few minutes to complete.

When is the Project Pulse Survey Administered?

Starting in the first quarter of 2021, PBS will administer the survey up to three times during each RWA and Leasing project.

RWA Project	Leasing Project
Acceptance (for projects greater than \$25,000)	At Request for Lease Proposal
Expense Midpoint (for projects greater than \$250,000)	At Lease Award
Substantial Completion	Lease Effective Date

What Does the Survey Measure?

Each brief survey's questions vary based on when in the project lifecycle the survey is sent. In general, the survey evaluates:

- Overall Satisfaction
- Communication and Transparency
- Clear Point of Contact
- Satisfaction of Requirements
- Cost and Budget
- Schedule
- Quality of Work

Leasing 101 - Thank You For Attending!

Presenters

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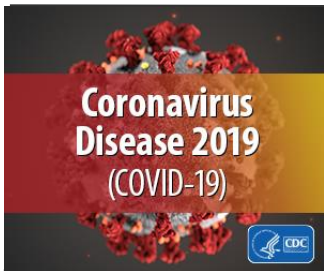
Center for Program Oversight, Compliance, and Workforce Development

GSA PBS Office of Leasing



Register For Our Upcoming CES Session

eRETA Digest
Tuesday, August 10th
1pm-2:30pm eastern
Register Now



GSA's COVID-19 Resources for Customers

See our ***COVID-19 Website*** for our Emergency Response Activities and our ***Safer Federal Workplace page*** for procedures and guidance for GSA Owned and Leased Buildings, Projects and Workplaces

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www.gsa.gov/ces
clientenrichmentseries@gsa.gov